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BOOK

VOLUME 1422

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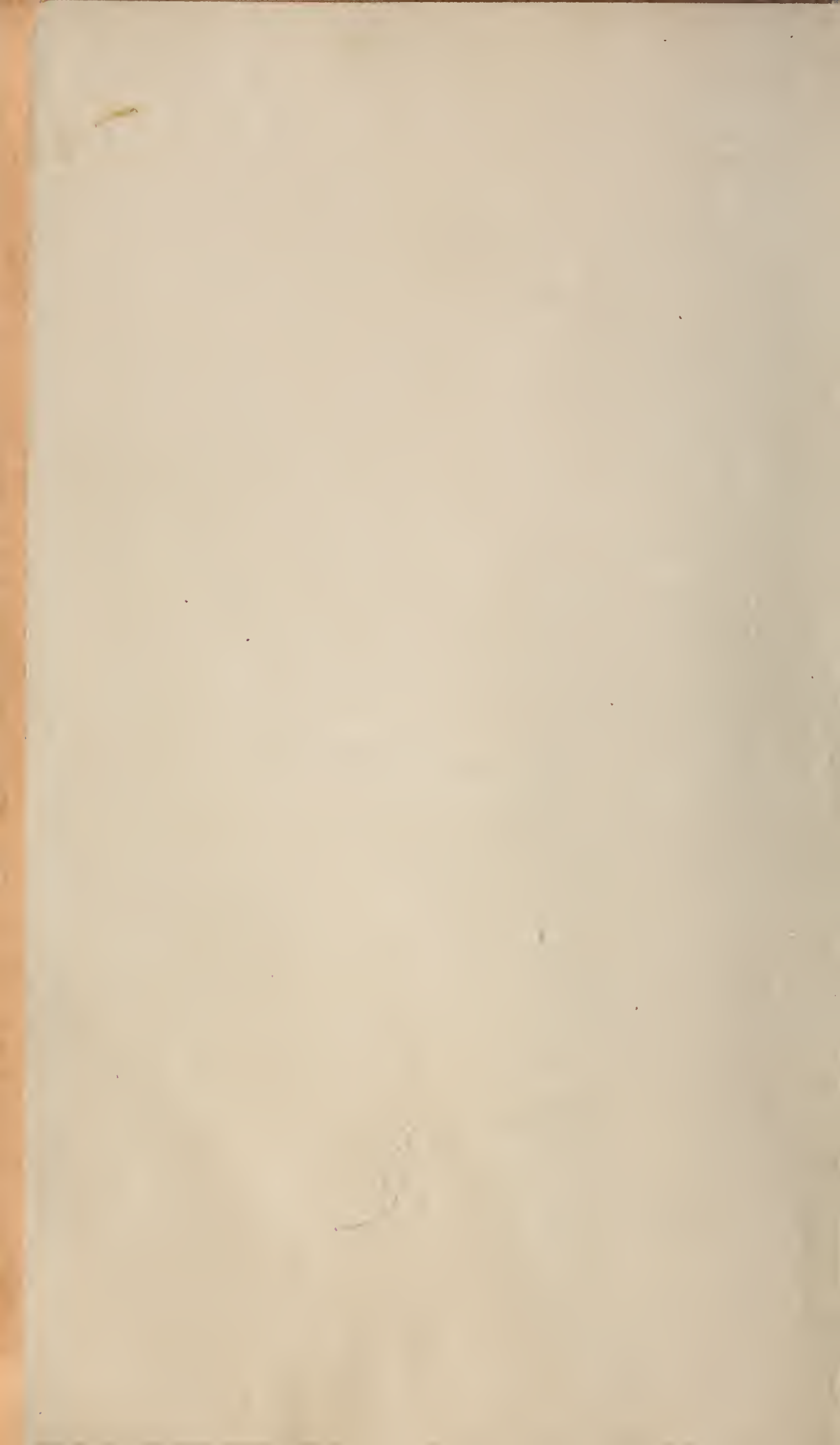
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Capital Issues Committee
Rules and Regulations
(Circular No. 1)

Guaranty Trust Company
of New York



Capital Issues Committee

(Created by the War Finance Corporation Act)

Rules and Regulations

(Circular No. 1)

Guaranty Trust Company of New York
140 Broadway

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Fifth Avenue and 43rd Street

MADISON AVENUE OFFICE
Madison Avenue and 60th Street

LONDON OFFICE
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Foreword

THE Capital Issues Committee, created by Act of Congress known as the War Finance Corporation Act, approved April 5, 1918, has issued circular No. 1, embracing the rules and regulations of the Committee. The full reprint of this circular and of that portion of the War Finance Corporation Act relating to the Capital Issues Committee, is contained in this booklet.

A synopsis and complete text of the Act of April 5, 1918, are in our booklet entitled the "War Finance Corporation Act."

All communications intended for the Capital Issues Committee, must be addressed to the "Capital Issues Committee, National Metropolitan Bank Building, Washington, D. C."

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ALMA MATER

YARROW STATE

Capital Issues Committee

Rules and Regulations

1. The act.—The War Finance Corporation Act authorizes the Capital Issues Committee, under rules and regulations to be prescribed by it from time to time, to investigate, pass upon, and determine whether it is compatible with the national interest that there should be sold or offered for sale or for subscription any issue, or any part of any issue, of securities issued after April 5, 1918, by any person, firm, corporation, or association, the total or aggregate par or face value of which issue and any other securities issued by the same person, firm, corporation, or association, since the said date may be in excess of \$100,000. Shares of stock of any corporation or association without nominal or face value are deemed to be of the face value of \$100 each.

Any securities which upon April 5, 1918, were in the possession or control of the corporation, association, or obligor issuing the same, shall be deemed to have been issued after that date.

The term “securities” as used herein includes stock, shares of stock, bonds, debentures, notes, certificates of indebtedness, and other obligations.

The Committee is not authorized to pass upon (1) any borrowing by any person, firm, corporation, or association, in the ordinary course of

business as distinguished from borrowing for capital purposes; (2) the renewing or refunding of indebtedness existing upon April 5, 1918; (3) the resale of any securities, the sale or offering of which the Committee has determined to be compatible with the national interest; (4) and securities issued by any railroad corporation, the property of which may be in the possession and control of the President of the United States; or (5) any bonds issued by the War Finance Corporation.

Nothing done or omitted by the Committee under the act shall be construed as carrying the approval of the Committee or of the United States of the legality, validity, worth, or security of any securities.

2. Object of the Committee.—The object of the creation of the Committee is to assist in the conservation of financial resources, labor, and material, so that they may be available for uses essential to the prosecution of the war.

The necessity of such conservation has often been made known and the Government has adopted various methods of accomplishing it, one of the most important of which is through the regulation of the issue of securities. In order that this method may be pursued with due regard to the requirements of the National Government, as well as to private interests, Congress has created the "Capital Issues Committee." In order to

perform its duties and fulfill its responsibilities in the fairest and most effective manner, the Committee has prescribed these rules and regulations, not only establishing forms for procedure, but also defining general principles of construction and policy which it will apply equally and uniformly throughout the United States.

3. Interpretation of the act.—The provisions of the act applying to the Committee will be interpreted by it in a manner to enable the Committee to perform its duties in a broad and comprehensive manner, in accordance with the intent of Congress. These provisions may be considered with respect to (a) the classes of securities (b) the classes of persons and corporations issuing securities, and (c) the classes of financial transactions involved in the issue of securities, which come within the scope of the act.

With regard to (a), the description of securities is the broadest possible, and includes every class of securities that can be issued and sold or offered for sale or subscription, whether the issue is made by an existing corporation or other issuing principal or by one organized or created after the passage of the act. The form or length of time for which notes or other securities are to run is not any criterion. Original issues of stock and securities are included as well as all increases thereof.

With regard to (b), the act applies to every class of person, association, and corporation which can issue securities, whether now existing or hereafter created or organized.

With regard to (c), there are several classes of financial transactions which do not come within the province of the Committee, to wit:

(1) Borrowing in the ordinary course of business, as distinguished from borrowing for capital purposes;

(2) Renewing or refunding indebtedness existing on April 5, 1918; and

(3) The sale of securities up to but not exceeding \$100,000 in amount since April 5, 1918.

In construing these exceptions, the nature of the transaction and not the form of security is to govern.

Borrowing in the ordinary course of business is usually done for seasonal requirements, through bank loans, advances, or through the issue of short-time notes, but borrowing may be done in the same manner for capital purposes, and in such cases bank loans, advances, or short-time notes come within the province of the Committee.

As to securities issued to refund or renew indebtedness existing on April 5, 1918, the Committee construes the act to mean that in the opinion of Congress, the issue of such securities is compatible with the national interest, and that

the Committee is not to pass upon the same for the purpose of determining that fact. But before any such issue is made, application should be made to the Committee stating the amount of the indebtedness existing on the said date, and the amount of securities necessary to renew or refund the same. The Committee being satisfied on these two points will pass the issue as a matter of course. This procedure is designed to give refunding securities the official sanction to which they are entitled, and to save investors desiring to purchase them from the burden of making unnecessary investigation. It is not intended to extend the jurisdiction of the Committee beyond the limits defined by the act. The finding given by the Committee on refunding issues, for the sake of convenience, will be in the same form as used for other issues (see paragraph 21 hereof), unless some different form is requested by the applicant. It will be understood, however, that the expression that such issues are not incompatible with the national interest, is made by the Committee in execution of the congressional intent, and is not an independent determination of the Committee in excess of its authority.

With respect to the limitation of \$100,000, it is to be observed that after an issuing principal has issued securities of all classes amounting to

\$100,000, since April 5, 1918, all future issues of any amount come within the province of the Committee. The Committee, however, does not pass upon issues of \$100,000 or less, unless a district committee for special reasons shall recommend action by the Committee. In case a district committee should feel that an issuing principal is resorting to successive small issues for the purpose of evading the spirit of the act, the matter should be brought to the attention of the Committee.

It should be remembered, however, that the reasons for conserving capital for war purposes apply always, whether the amounts involved are large or small, and while it is wholly impracticable for any governmental agency to pass upon all issues of securities separately, the principles involved affect all alike. PATRIOTIC CITIZENS SHOULD NOT PERMIT CAPITAL UNDER THEIR CONTROL TO BE WASTED OR USED FOR ANY PURPOSE NOT CONTRIBUTORY TO THE PROSECUTION OF THE WAR, NO MATTER HOW SMALL THE AMOUNT, AND THEY SHOULD BE EVEN MORE DILIGENT WHEN THEY MUST DECIDE FOR THEMSELVES WITHOUT THE BENEFIT OF SPECIFIC ADVICE FROM THE GOVERNMENT.

4. States and subdivisions thereof.—In defining the issues of securities which the Committee was authorized to investigate and pass upon,

Congress did not in express terms refer to States, counties, or municipalities. The reason for this omission is presumed to be because Congress did not wish even indirectly to appear to regulate the affairs of the sovereign States. On the other hand, Congress did not forbid the Committee to pass upon such issues, and it is so obvious that the purpose and object of the act of Congress will not be effective to a very large extent unless the Committee does so, the Committee will entertain and act upon the applications of States and all subdivisions.

With respect to the position of the States and subdivisions, the Committee, for convenience, repeats the views it has expressed in response to many official inquiries, as follows:

The purpose of the act of Congress is clear—to conserve national resources. Its appeal is addressed to all patriotic citizens, in whatever capacity they may be acting. All are expected to cooperate in giving effect to the act “for the purpose of assisting in the prosecution of the war.” The same reasons and the same inducements applicable to the officers of private corporations and to individuals in their private capacity apply with even greater force to the officers of States, counties, and municipalities, and they should be the leaders in the national effort to conserve resources. Every issue of

bonds and securities of States and all subdivisions should be submitted to the Committee before being sold or offered for sale.

GENERAL POLICIES

5. War work.—With regard to issues for the purpose of aiding war operations, war contracts, production of war materials, or intended to assist the National Government in the prosecution of the war, the Committee will feel free to consult and avail itself of the advice of the departments or officers of the National Government having knowledge of the requirements, conditions, or facts affecting the Government. The Committee will endeavor not only to restrict the use of capital for nonessential purposes, but also to encourage its use for essential purposes.

6. Issues of shares for property.—The issue of securities in exchange for property or for other shares, may or may not constitute a sale or offer of such securities within the meaning of the act. No general rule can be laid down and each case must be considered by the Committee separately. Applications for such issues should be made in the usual manner.

7. Stock dividends.—The issue of shares through a stock dividend should be made only from *bona fide* surplus earnings or profits to

present shareholders, without payment by them, and must not require the use of additional capital. All such issues should be submitted to the Committee by application in the usual manner.

8. Private issues.—There is no distinction between “public” issues and “private” issues. Whenever securities or shares of any kind are issued to obtain fresh capital, the transaction comes within the province of the Committee. It is not important whether the fresh capital is obtained from the public, or from any portion of it—that is, from private individuals. The approval of the Committee is required regarding all issues sold, offered for sale or for subscription, in excess of \$100,000, regardless of whether the transaction is public or among individuals privately.

9. Merits.—The Committee will not express any opinion upon the intrinsic merits of securities to be offered for sale. It is authorized to examine into two questions:

(1) Whether the issue is timely with respect to the financial operations to be undertaken by the Government from time to time, and

(2) Whether the objects for which the funds are to be raised are compatible with the national interest.

Intending purchasers of securities which have

been passed by the Committee must thoroughly understand and appreciate the above statement. The fact that securities have been passed is no criterion whatever as to their value or standing as an investment in any respect. The favorable action of the Committee is not even any criterion as to the merits of an issue in a national or patriotic sense. In some cases the Committee feels obliged to pass issues on account of local or special circumstances, when it would not do so if such reasons did not exist. While it will, of course, result that patriotic citizens will purchase only securities that have been passed by the Committee, nevertheless the decision whether to make any such purchase must be made by the purchaser without being influenced in any manner by the favorable action of the Committee.

10. Roads.—It is recommended that all State authorities (including counties, districts, commissions, and municipalities) shall undertake only such paving and other road improvement work as may be actually necessary to be undertaken at this time, thereby avoiding the use of men and money needed for the service of the National Government. In order to justify the construction of roads, either military necessity or unusual economic necessity must be clearly proved.

11. Municipal expenditures.—The amount of capital invested in municipal bonds every year

is very large, and if this amount, or a substantial portion thereof, could be saved, the funds of investors and savings banks would be available in corresponding amounts for the use of the National Government. There are certain classes of municipal improvements and expenditures which should wholly cease, such as parks and betterments solely designed for purposes of appearance or architecture. All others should be curtailed and postponed until after the war whenever possible. This applies to public buildings, hospitals, street and road construction, waterworks extensions, sewerage and drainage improvements, sidewalks, etc. Ordinarily only a small proportion of the improvements planned by a municipality are of such a character that they can not be postponed for a period without endangering the health or welfare of the community.

For example, it is said that no schoolhouses have been built in England since the war except in munition centers, where temporary and inexpensive structures have been erected. In this country, if such additional facilities are necessary, such temporary structures should be resorted to whenever possible.

The fact that the expense is to be repaid wholly or in part by special assessments does not make any difference.

The fact that there appears to be labor available is not a true criterion, because war industries in many parts of the country are in such need of labor that labor organizations are making comprehensive efforts to transport surplus labor wherever most needed.

12. Elections authorizing issues.—In cases where the opinion of the Committee is desired before the proceedings authorizing the issue have been completed, caution will be exercised so that the action of the Committee can not be used to influence the decision as to the issue. Whenever the decision of the Committee can be postponed until after the completion of such proceedings, without involving undue delay, expense, or hardship, it will be the policy of the Committee to do so. This is especially true in cases of popular elections because the limited scope of the Committee's action can not be justly appreciated by electors and it might influence their vote.

In cases, however, where the Committee is clear that its opinion would be unfavorable, it is not improper that suggestion to that effect should be made in order to save the expense of calling and holding a popular election.

INSTRUCTIONS TO APPLICANTS

13. Applications.—Applications respecting the proposed issue or offering of any securities shall

be executed in triplicate, the original and one copy transmitted to the Capital Issues Committee, National Metropolitan Bank Building, Washington, D. C., and the other copy to the district committee in care of the Federal Reserve Bank in the district of the applicant.

The Committee has prepared a form of application and all applicants are urged to obtain such forms from the Committee or a district committee, and make their applications on them. In addition the applicant must provide all the information which will enable the Committee to perform its duties with a full knowledge of all circumstances and conditions appropriate thereto.

The following suggestions are made with regard to applications, and the additional information required:

(a) The purpose of the proposed issue shall be fully and accurately described.

(b) If the purpose of the issue is to renew or refund indebtedness created before April 5, 1918, describe fully the nature and character of such indebtedness and the time or times and the general purposes for which it was incurred.

(c) If the issue is to be created wholly or partly for war purposes, or to raise capital or secure advances in connection with war contracts or war supplies, or to provide equipment, buildings, materials, or facilities of any kind for war

work, full details thereof, and of the kinds and in general the quantity of supplies or materials to be furnished, and the amounts needed therefor, should be stated as well as the proportion which such war work bears to the total business of the applicant. Where any war purpose exists, mention should be made of the controlling governmental authorities at Washington and elsewhere in order that the Committee may obtain from such authorities any further information it may desire.

(d) If the issue is deemed necessary by reason of any governmental requirement, national, State, or municipal, or on account of the requirement of any commission or other authority, the application should give complete details.

(e) If the issue is deemed necessary for public health or for educational or road purposes or other public necessity, the application should describe the same in full.

(f) If the issue is desired for private purposes and no public necessity or requirement exists, very complete exposition of purpose and necessity should be stated.

(g) The consideration, stating amount and character, for which the proposed securities are to be issued, the price of sale, and the amounts to be received by the applicant, should be shown.

(h) *In all cases, except for war work, explicit*

reasons must be given why the proposed issue can not be postponed until after the war, or why the necessity of the issue is greater than the paramount need of the National Government to conserve the financial resources, materials, and labor of the country for the prosecution of the war.

14. Identification.—It is necessary to identify the issues accurately. The following information must be furnished:

WITH REGARD TO PROPOSED ISSUES OF BONDS,
NOTES, CERTIFICATES OF INDEBTEDNESS, AND
OTHER SECURITIES

(a) Name or designation of the proposed issue, amount, date of issue, dates of maturity, and rate of interest. The serial numbers shall be given whenever possible. The serial numbers are necessary when the proposed issue is part of a larger authorized amount, either then outstanding or issuable in future.

(b) Amount of total authorized issue of which proposed issue is part.

(c) Attested copies of the votes, ordinances, or resolutions authorizing the proposed issue.

(d) In case the proposed issue is to be made under or secured by a mortgage, deed of trust, indenture, or similar instrument, attested copy of such instrument.

(e) Certified copies of the last balance sheet of applicant, including a statement of bills payable and income statement for three years past, including last preceding 12 months. (This does not apply to States or municipalities.)

WITH REGARD TO PROPOSED ISSUES OF SHARES OF
STOCK

(f) Total capitalization of the corporation.

(g) Certified copies of the last balance sheet of applicant, including a statement of bills payable and income statement for the last preceding 12 months.

(h) Total authorized issue of stock of which proposed issue is part.

(i) Name or designation and amount of the proposed issue; the method and dates of issue, stating whether the issue is to be made by offer to shareholders, by sale, public subscription, or otherwise.

(j) Attested copies of the votes or resolutions authorizing the proposed issue.

15. Time of application.—Applications with respect to proposed issues should be made as early as possible in order to enable the Committee to coöperate most effectively. Municipalities should forecast expenditures for the year, and agree with the Committee upon necessary items without waiting until an issue of bonds is about to be

advertised or sold. This procedure has already been followed in several important instances with satisfaction, both to the municipality and to the Committee. A program once decided enables agreed issues of bonds to be expedited when ready for sale.

DISTRICT COMMITTEES AND AUXILIARY COMMITTEES

16. In each Federal Reserve District there shall be a district committee of the Capital Issues Committee, with headquarters at the Federal Reserve Bank of the district.

Each district committee shall consist of the Federal Reserve Agent as chairman, the Governor of the Federal Reserve Bank as vice chairman, and three or more other members chosen because of special qualifications to aid the district committee in its work.

Bankers and others having experience in municipal, manufacturing, or public utilities securities may be invited to become affiliated with a district committee as an auxiliary committee, the members of which, from time to time, as their advice and experience may be useful or helpful, may be asked to join in investigating and making recommendations regarding specific applications.

No member of a district or auxiliary committee shall in any manner, directly or indirectly, partici-

pate in the determination of any question affecting his personal interests or the interest of any corporation, partnership, or association in which he is directly or indirectly interested.

17. The district committees upon receipt of applications will examine them in order to determine whether the necessary information has been furnished by the applicant in accordance with these rules and regulations, and without waiting for the direction of the Committee will advise the applicant to supply such additional information as may appear to be necessary or desirable. From time to time the Committee will advise the district committees when the latter should take further action upon such applications, and in accordance with such advices the district committees will make full and complete investigation into all matters connected with the application and into all considerations bearing thereon. The district committees will make an analysis or summary of the application, verifying the detailed description of the securities to be issued and especially describing the purpose or object of the issue. The district committee will complete its analysis with a recommendation to the Committee giving an accurate and full statement of its reasons for such recommendation, and the district committee will thereupon send forward to the Committee its analysis, summary, and recommendations, to-

gether with all original documents, certificates, and other papers not already filed with the Committee.

18. The applicant shall not be informed of the recommendations of the district committee unless and until such recommendations shall have been adopted by the Committee. The final action of the Committee will in general be sent to the district committee and the applicant at the same time. In special cases the Committee will communicate with the district committee, requesting the latter to inform the applicant.

19. District committees are requested whenever possible to discourage or postpone for the period of the war proposed issues of securities and all expenditures for nonessential purposes, whatever the amount. If they are successful in discouraging or postponing an issue or expenditure, that fact shall be reported promptly to the Committee. District committees are also charged with the duty of furthering the public understanding of the functions and purposes of the Committee in their districts, especially with bankers and public officials.

20. Cases referred to district committees by the Committee shall each be the subject of separate correspondence, in order that office files may be kept intact.

21. Form of favorable opinion:
CAPITAL ISSUES COMMITTEE.
WASHINGTON.

Issue of
[Here follows an accurate description of the securities passed upon.]

After due investigation into the purpose of the issue above described, we have determined that the sale thereof is not incompatible with the national interest.

This finding constitutes no approval of such issue as regards its legality, validity, worth, or security in any respect.

In any public offer of the said issue for investment by advertisement or circular, and whenever reference is made to this finding, it is requested that the statement quoted below shall be incorporated in full.

CAPITAL ISSUES COMMITTEE,
By.....
Chairman.

“Passed by the Capital Issues Committee as not incompatible with the national interest, but without approval of legality, validity, worth, or security. Opinion No.....”

[Note.—This opinion cannot be given unless an accurate and complete description of the securities necessary for identification has been furnished, as hereinbefore prescribed. Applicants will *save delay* by carefully regarding this requirement.]

22. Form of unfavorable opinion.
CAPITAL ISSUES COMMITTEE.
WASHINGTON.

Referring to the proposed issue of the following securities, to wit:.....
[Here follows a brief description of the securities.]

In accordance with the authority vested in the Capital Issues Committee by act of Congress, approved April 5, 1918, this committee has investigated the proposed issue of securities above mentioned and has determined that the sale, or offer for sale or subscription thereof at this time, is not compatible with the national interest.

CAPITAL ISSUES COMMITTEE,
By.....
Opinion No..... Chairman.

Act of April 5, 1918

Title II.—Capital Issues Committee

SEC. 200. That there is hereby created a committee to be known as the "Capital Issues Committee," hereinafter called the Committee, and to be composed of seven members to be appointed by the President of the United States, by and with the advice and consent of the Senate. At least three of the members shall be members of the Federal Reserve Board.

No member, officer, attorney, agent, or employee of the Committee shall in any manner, directly or indirectly, participate in the determination of any question affecting his personal interests, or the interest of any corporation, partnership, or association in which he is directly or indirectly interested. Before entering upon his duties, each member and officer shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or any other Act shall be construed to prevent the appointment as a member of the Committee, of any officer or employee under the United States or of a director of a Federal reserve bank.

The terms during which the several members of the Committee shall respectively hold office shall be determined by the President of the United States, and the compensation of the several members of the Committee who are not members of the Federal Reserve Board shall be \$7,500 per annum, payable monthly, but if any such member receives any other compensation from any office or employment under the United States the amount so received shall be deducted from such salary, and if such other compensation is \$7,500 or more, such member shall receive no salary as a member of the Committee. Any member shall be subject to removal by the President of the United States. The President shall designate one of the members as chairman, but any subsequent vacancy in the chairmanship shall be filled by the Committee. Four members of the Committee shall constitute a quorum for the transaction of business.

SEC. 201. That the Committee may employ and fix the compensation of such officers, attorneys, agents, and other employees as may be deemed necessary to conduct

its business, who shall be appointed without regard to the provisions of the Act entitled "An Act to regulate and improve the civil service of the United States," approved January sixteenth, eighteen hundred and eighty-three (volume twenty-two, United States Statutes at Large, page four hundred and three), and amendments thereto or any rules or regulations made in pursuance thereof. No such officer, attorney, agent, or employee shall receive more compensation than persons performing services of like or similar character under the Federal Reserve Board.

SEC. 202. That all the expenses of the Committee, including all necessary expenses for transportation incurred by the members or by its officers, attorneys, agents, or employees under its orders in making an investigation or upon official business in any other places than at their respective headquarters, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the chairman.

The Committee may rent suitable offices for its use, and purchase such furniture, equipment, and supplies as may be necessary, but shall not expend more than \$10,000 annually for offices in the District of Columbia.

The principal office of the Committee shall be in the District of Columbia, but it may meet and exercise all its powers at any other place. The Committee may, by one or more of its members, or by such agents as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

SEC. 203. That the Committee may, under rules and regulations to be prescribed by it from time to time, investigate, pass upon, and determine whether it is compatible with the national interest that there should be sold or offered for sale or for subscription any issue, or any part of any issue, of securities hereafter issued by any person, firm, corporation, or association, the total or aggregate par or face value of which issue and any other securities issued by the same person, firm, corporation, or association since the passage of this Act is in excess of \$100,000. Shares of stock of any corporation or association without nominal or par value shall for the purpose of this section be deemed to be of the par value of \$100 each. Any securities which upon the date of the passage of this Act are in the possession or control of the corpo-

ration, association, or obligor issuing the same shall be deemed to have been issued after the passage of this Act within the meaning hereof.

Nothing in this title shall be construed to authorize such Committee to pass upon (1) any borrowing by any person, firm, corporation, or association in the ordinary course of business as distinguished from borrowing for capital purposes, (2) the renewing or refunding of indebtedness existing at the time of the passage of this Act, (3) the resale of any securities the sale or offering of which the Committee has determined to be compatible with the national interest, (4) any securities issued by any railroad corporation the property of which may be in the possession and control of the President of the United States, or (5) any bonds issued by the War Finance Corporation.

Nothing done or omitted by the Committee hereunder shall be construed as carrying the approval of the Committee or of the United States of the legality, validity, worth, or security of any securities.

SEC. 204. That there is hereby appropriated out of any money in the Treasury not otherwise appropriated, for the remainder of the fiscal year ending June thirtieth, nineteen hundred and eighteen, and the fiscal year ending June thirtieth, nineteen hundred and nineteen, the sum of \$200,000 for the purpose of defraying the expenses of the establishment and maintenance of the Committee, including the payment of the salaries and rents herein authorized.

SEC. 205. That the Committee shall make a report to Congress on the first day of each regular session, including a detailed statement of receipts and expenditures, and also including the names of all officers and employees and the salary paid to each.

SEC. 206. That this title shall continue in effect until, but not after, the expiration of six months after the termination of the war, the date of such termination to be determined by a proclamation of the President of the United States, but the President may at any time by proclamation declare that this title is no longer necessary, and thereupon it shall cease to be in effect.

Title III.—Miscellaneous

SEC. 300. That whoever wilfully violates any of the provisions of this Act, except where a different penalty is provided in this Act, shall, upon conviction in any court of the United States of competent jurisdiction, be fined not more than \$10,000 or imprisoned for not more than one year, or both; and whoever knowingly participates in any such violation, except where a different penalty is provided in this Act, shall be punished by a like fine or imprisonment, or both.

SEC. 301. That no stamp tax shall be required or imposed upon a promissory note secured by the pledge of bonds or obligations of the United States issued after April twenty-fourth, nineteen hundred and seventeen, or secured by the pledge of a promissory note which itself is secured by the pledge of such bonds or obligations: *Provided*, That in either case the par value of such bonds or obligations shall equal the amount of such note.

SEC. 302. That if any clause, sentence, paragraph, or part of this Act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, or, in case any court of competent jurisdiction shall adjudge to be invalid any provisions hereof in respect of any class or classes of securities, such judgment shall not affect, impair, or invalidate the remainder of this Act, but shall be confined in its operation to the clause, sentence, paragraph, part, or subject matter of this Act directly involved in the controversy in which such judgment shall have been rendered.

SEC. 303. That the term "securities," as used in this Act, includes stocks, shares of stock, bonds, debentures, notes, certificates of indebtedness, and other obligations.

SEC. 304. That the right to amend, alter, or repeal this Act is hereby expressly reserved.

SEC. 305. That the short title of this Act shall be the "War Finance Corporation Act."

SEC. 306. That all provisions of any Act or Acts inconsistent with the provisions of this Act are hereby repealed.

Members of the Capital Issues Committee

CHARLES S. HAMLIN, *Chairman*

FREDERIC C. GOFF, *Vice-Chairman*

JOHN SKELTON WILLIAMS

FREDERIC A. DELANO

JAMES B. BROWN

JOHN S. DRUM

HENRY C. FLOWER

STEPHEN L. SELDEN, *Executive Secretary*

W. T. CHAPMAN, *Secretary*

OLIVER E. FOULK, *Fiscal Agent*

BRADLEY W. PALMER, *Counsel*

Federal Reserve Banks and Branches

District No. 1

Federal Reserve Bank of Boston, Boston, Mass.

District No. 2

Federal Reserve Bank of New York, New York, N. Y.

District No. 3

Federal Reserve Bank of Philadelphia, Philadelphia, Pa.

District No. 4

Federal Reserve Bank of Cleveland, Cleveland, O.

Branch, Cincinnati, O.

Branch, Pittsburgh, Pa.

District No. 5

Federal Reserve Bank of Richmond, Richmond, Va.

Branch, Baltimore, Md.

District No. 6

Federal Reserve Bank of Atlanta, Atlanta, Ga.

Branch, New Orleans, La.

District No. 7

Federal Reserve Bank of Chicago, Chicago, Ill.

Branch, Detroit, Mich.

District No. 8

Federal Reserve Bank of St. Louis, St. Louis, Mo.

Branch, Louisville, Ky.

District No. 9

Federal Reserve Bank of Minneapolis, Minneapolis, Minn.

District No. 10

Federal Reserve Bank of Kansas City, Kansas City, Mo.

Branch, Omaha, Neb.

Branch, Denver, Colo.

District No. 11

Federal Reserve Bank of Dallas, Dallas, Tex.

Branch, El Paso, Tex.

District No. 12

Federal Reserve Bank of San Francisco, San Francisco, Cal.

Branch, Spokane, Wash.

Branch, Portland, Ore.

Branch, Seattle, Wash.

Branch, Salt Lake City, Utah.

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